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Department of Child Support Services

DESCRIPTION:

Pursuant to Assembly Bill (AB) 196 (Chapter 478, Statutes of 1999) and Senate Bill (SB) 542 (Chapter 480, Statutes of 1999) the California Department of Child Support Services (DCSS) was established, effective January 1, 2000, to administer all services and perform all functions necessary to establish, collect, and distribute child support. DCSS is the single organizational unit to administer the State plan for securing child and spousal support, medical support and determining paternity.

Pursuant to AB 150 (Chapter 479, Statutes of 1999), DCSS is responsible for operating the child support enforcement program. Through the Franchise Tax Board as its agent, DCSS is responsible for procuring, developing, implementing, and maintaining the operation of the California Child Support Automation System in all California counties.

IMPLEMENTATION DATE:

The new department, DCSS, was established January 1, 2000. However, in Fiscal Year (FY) 1999-00, the local assistance funding is reflected in the California Department of Social Services' (CDSS) budget.

KEY DATA/ASSUMPTIONS:

Authorizing statute: Division 17 of the Family Code commencing with section 17000, and Welfare and Institution Code section 10080. Also, see each of the child support collection, administration, and automation premise descriptions for specific statutory authority.

METHODOLOGY:

- As a result of AB 196 and SB 542, all services and functions necessary to establish, collect, and distribute child support are transferred from CDSS to DCSS. The FY 1999-00 funding for the child support program is reflected in the CDSS' budget and the FY 2000-01 funding is reflected in the DCSS' budget.
- It should be noted that in FY 1999-00 the DCSS' budget display differs from the CDSS' budget to allow for a comparison to the new department's budget structure.
- Effective FY 2000-01, the child support collections are considered revenue and are reflected in the budget for display purposes only. They do not roll-up into the total child support program funding.
- Effective FY 2000-01, the Foster Parent Training Fund will no longer be reflected to offset Foster Care (FC) state share of collections. It is now shown as an administration cost that is forwarded to Community Colleges-Chancellor's Office.
- The federal share of FC collections is reflected as an administration cost for reimbursement to CDSS to abate the federal share of FC grants.
- See each of the child support collections, administration, and automation premise descriptions for specific methodologies.

Department of Child Support Services

FUNDING:

See each of the child support collection, administration, and automation premise descriptions for the funding detail.

Effective FY 2000-01, the State and county share of child support collections are considered revenue and are shown for display purposes only. The State share of collections does not revert back to DCSS for internal use as it did with CDSS.

CHANGE FROM PRIOR SUBVENTION:

See each of the child support collection, administration, and automation premise descriptions for the explanation.

REASON FOR YEAR-TO-YEAR CHANGE:

See each of the child support collection, administration, and automation premise descriptions for the explanation.

EXPENDITURES: ¹

(in 000's)

| | 1999-00 | | 2000-01 | |
|----------------|---------------|-------------|---------------|-------------|
| | Program Costs | Collections | Program Costs | Collections |
| Total | \$782,176 | -\$593,445 | \$873,185 | -\$640,936 |
| Federal | 474,941 | -306,210 | 532,718 | -318,985 |
| State | 307,235 | -257,319 | 340,467 | -290,075 |
| County | 0 | -29,916 | 0 | -31,876 |
| Reimbursements | 0 | 0 | 0 | 0 |

¹ - The FY 1999-00 program costs and collections are reflected based on DCSS' budget structure. The program costs consist of child support administration, incentives, and automation costs.

County Administration Child Support – Basic Costs

DESCRIPTION:

This premise reflects funds for the family support operation (FSO) basic administration and Electronic Data Processing (EDP) maintenance and operations (M&O) costs.

Child support administration costs are comprised of county staff and overhead. As a branch of the district attorney's office, FSO staff carry out the Child Support Enforcement Program under Title IV-D of the Social Security Act. Their administrative duties include case intake and development, collection and distribution of child support, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents.

The EDP M&O funding enables the local child support agencies to continue their work in collecting child support in their respective counties.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17710(a), and Welfare and Institution Code section 10085(a).
- Estimated Administration and EDP M&O costs were based upon county data collected during the Fiscal Year (FY) 1999-00 and FY 2000-01 County Funding Request process.

METHODOLOGY:

Administration:

- Completion of the County Funding Request process for child support administration costs for FY 1999-00 resulted in projected cost of \$631,217,000, and for FY 2000-01 results in projected cost of \$697,797,000.

EDP M&O:

- For FY 1999-00, the estimated EDP M&O costs of \$90.6 million were based on \$85.9 million from the County Funding Request process for EDP M&O, and \$4.7 million to operate the former Statewide Automated Child Support System counties through the Health and Human Services Data Center. For FY 2000-01, the EDP M&O cost of \$98.2 million was based on information provided through the County Funding Request process.

Basic Costs:

- The combined total of administration, EDP M&O, and former SACSS counties operation costs for FY 1999-00 is \$721,844,000. The combined total of administration and EDP M&O costs for FY 2000-01 is \$795,977,000.

FUNDING:

The total costs are shared 66 percent federal and 34 percent county. The 34 percent county share is subsidized with the federal and state incentives earned from the State's total distributed collections as established pursuant to the funding provisions of Assembly Bill (AB) 1111 (Chapter 147, Statutes of 1999).

County Administration Child Support – Basic Costs

CHANGE FROM PRIOR SUBVENTION:

This premise was updated for FY 2000-01 based on information received through the County Funding Request process.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2000-01 increase is a result of the County Funding Request process.

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$721,844 | \$795,977 |
| Federal | 476,417 | 525,345 |
| State | 0 | 0 |
| County | 245,427 | 270,632 |
| Reimbursements | 0 | 0 |

CDSS/HHSDC PARTNERSHIP:

(in 000's)

| | 1999-00 | 2000-01 |
|-------|-----------|---------|
| Total | \$721,844 | \$0 |
| CDSS | 717,164 | 0 |
| HHSDC | 4,680 | 0 |

Transition and Enhancements

DESCRIPTION:

This premise reflects the costs associated with transitioning counties from existing legacy systems to one of the four selected consortia systems and implementing enhancements to existing county child support automation systems. If it is determined necessary, Assembly Bill (AB) 150 (Chapter 479, Statutes of 1999), requires the local child support agencies to modify their current automation systems or change to a different system in order to meet the goal of statewide automation.

Furthermore, AB 150 transferred responsibility for the development and implementation of the single statewide automated system from the California Health and Human Services Agency Data Center (HHSDC), formerly known as the Health and Welfare Data Center, to the Franchise Tax Board (FTB), but left responsibility for interim systems management with HHSDC. The Child Support Pre-Statewide Interim Systems Management project at HHSDC, under the direction from the California Department of Child Support Services (DCSS), is responsible for ensuring that all counties will have an automation system that will allow them to continue their child support services while the single statewide automated child support system is being developed and implemented.

Previously, the Statewide Automated Child Support System (SACSS), under development to comply with these federal requirements, was terminated in November 1997. Cancellation of SACSS created a necessity for the State to implement interim alternative solutions to meet state and federal requirements. Counties had postponed implementing enhancements to their existing county systems in anticipation of SACSS. Some counties must now enhance existing systems, or transfer to one of the selected consortia systems, in order to continue operating the child support enforcement program during this interim period.

IMPLEMENTATION DATE:

This premise was implemented on April 1, 1998.

KEY DATA/ASSUMPTIONS:

The funding assumptions for Fiscal Year (FY) 1999-00 are consistent with AB 150 and reflect the State sharing in the counties' cost to meet mandated requirements and to transition to viable systems.

Transitions

- On December 3, 1999, the California Health and Human Services Agency (HHS) notified 26 counties that they would be required to transition to one of four approved interim systems. The four approved interim systems were:
 - ◆ Computer Assisted Support Enforcement System (CASES);
 - ◆ Support Through Automated Resources/Keeping Integrated Data on System (STAR/KIDS);
 - ◆ Automated Child Support Enforcement System (ACSES) Replacement System (ARS); and
 - ◆ KIDZ.

Transition and Enhancements

KEY DATA/ASSUMPTIONS (continued):

Transitions (continued)

- Counties were also given the option to request a waiver to remain on their existing legacy system, if they could demonstrate that it was in the best interests of the State.
- Based on the results of the waiver request process, seven counties were allowed to remain on their existing legacy system, thereby bringing the total number of approved interim systems to six (the additional two approved consortia systems are Best Enforcement Support Technology, and Computer Has All Support Expertise Required).
- During FY 1999-00, approximately eight counties will incur transition related costs. Beginning in FY 2000-01, the remaining counties will begin incurring transition related costs. Based on the current transition schedules, the majority of transition costs will occur in FY 1999-00 and FY 2000-01 with minor transition costs occurring in FY 2001-02.
- Transition costs include the costs incurred by the county and/or the consortia to transition a county from its existing legacy system to one of the four selected systems. Transition costs are assumed to be paid 66 percent federal funds and 34 percent State General Fund (GF) (pursuant to AB 150).

Enhancements

- The assumption includes enhancements needed for Personal Responsibility and Work Opportunity Reconciliation Act, Year 2000, other state mandates, and other business needs. Enhancement costs are assumed to be paid 66 percent federal funds and 34 percent GF (pursuant to AB 150).

METHODOLOGY:

- The data for this estimate are from the following sources:
 - ◆ County input and surveys provided system enhancements and updated cost estimates.
 - ◆ All transition estimates (conversion, data cleanup, and training) are based on historical experience gained from previous transitions, and county input.
- Details regarding the systems enhancements are contained in the Advance Planning Document Update to be submitted to the federal Office of Child Support Enforcement by May 1, 2000.

FUNDING:

Costs for this premise are shared 66 percent federal and 34 percent GF.

CHANGE FROM PRIOR SUBVENTION:

This estimate has been revised for FYs 1999-2000 and 2000-01 to more accurately reflect costs expected for enhancements and transitions.

Transitions and Enhancements

REASON FOR YEAR-TO-YEAR CHANGE:

Many counties that expected to transition in FY 1999-00 did not do so and must transition in FY 2000-01. In addition, the State has a larger role in the management/oversight of county child support operations based on AB 150, Senate Bill 542 (Chapter 480, Statutes of 1999), and AB 196 (Chapter 478, Statutes of 1999).

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$16,173 | \$28,997 |
| Federal | 10,674 | 19,138 |
| State | 5,499 | 9,859 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

CDSS/HHSDC PARTNERSHIP:

(in 000's)

| | 1999-00 | 2000-01 |
|-------|----------|---------|
| Total | \$16,173 | \$0 |
| CDSS | 0 | 0 |
| HHSDC | 16,173 | 0 |

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Performance Review Project

DESCRIPTION:

This premise provides funding for the county administrative costs associated with conducting self-reviews of their performances.

The federal Family Support Act of 1988 (Public Law 100-485) required states to meet specific Child Support Enforcement Program performance standards. Further, Assembly Bill (AB) 1033 (Chapter 1647, Statutes of 1990) implemented the Performance Review Project, which required the State to pay the nonfederal share of county administrative costs to conduct self-reviews of their performance, to implement corrective actions, to update procedures, and to conduct training as appropriate. As a result of a survey, 37 counties elected to conduct their own reviews.

Under the authority of Senate Bill (SB) 1410 (Chapter 404, Statutes of 1998), 19 additional counties began conducting self-reviews in Fiscal Year (FY) 1999-00.

IMPLEMENTATION DATE:

This premise was implemented on January 1, 1992.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code sections 17702(a) and 17710(b).
- The county administrative cost of \$3,723,400 was based on the counties' approved FY 1993-94 county plans. Effective in FY 1999-00, the administrative funds were increased by the cost-of-doing-business (CODB) rates from FYs 1993-94 through 1998-99. This increase in funding allowed the expansion of the program to 19 additional counties.
- The CODB percentages are:

| | |
|------------|------|
| FY 1993-94 | 2.4% |
| FY 1994-95 | 1.1% |
| FY 1995-96 | 1.1% |
| FY 1996-97 | 1.1% |
| FY 1997-98 | 2.3% |
| FY 1998-99 | 2.3% |
| FY 1999-00 | 3.9% |
| FY 2000-01 | 3.3% |

METHODOLOGY:

- The CODB rates from FYs 1993-94 through 1999-00 were applied to the FY 1993-94 level of funding.
- The projected funding levels will be \$4,282,000 for FY 1999-00, and \$4,424,000 for FY 2000-01.

FUNDING:

The cost is funded with 66 percent federal Title IV-D funds and 34 percent State General Fund.

Performance Review Project

CHANGE FROM PRIOR SUBVENTION:

The FY 2000-01 estimate was updated for the CODB, which is based on the Consumer Price Index-Urban for California.

REASON FOR YEAR-TO-YEAR CHANGE:

The CODB was applied to FY 2000-01.

EXPENDITURES:

| (in 000's) | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$4,282 | \$4,424 |
| Federal | 2,826 | 2,920 |
| State | 1,456 | 1,504 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

State Investment Funds Project

DESCRIPTION:

This premise reflects the administrative costs and identifies the increased collections associated with counties who implement new projects or enhance existing child support collections processes.

The Budget Act of 1992 (Chapter 851, Statutes of 1992) provides appropriation authority, as needed, for the investment of up to \$20 million from the State General Fund for county-operated child support activities. These special projects stimulate growth in funds collected. For this premise, to the extent that counties implement new or enhanced processes that directly result in increased child support collections, matching federal funds are also available.

There are two options of investment available to counties. The loan method, supported by only state and federal funds, requires that the amount of increased assistance collections generated be greater than the projected funds invested by the State. Counties through reduction of their incentive payments will reimburse collection shortages. The second method requires the county to match state dollars invested at the rate of \$0.50 for every state dollar; however, no repayment is mandated if collection amounts do not reach anticipated levels.

IMPLEMENTATION DATE:

This premise was implemented on December 1, 1992.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17700.
- Each participating county provided the projected cost and collections for the project to the Child Support Program Improvement Unit. The estimated administrative cost and collections are the sum total of these projected costs and collections.

METHODOLOGY:

- Fiscal Year (FY) 1999-00 administration costs are based on approved county project requests for Merced County under the match method, and Kings and Santa Clara counties under the loan method. These project costs are scheduled in the county administration section of this premise. Due to the late implementation of Kings and Santa Clara counties, costs for FY 1999-00 was prorated. The FY 2000-01 administrative cost reflects a full-year implementation.
- Collections for both FYs 1999-00 and 2000-01 are based on approved county project requests for one county. The county estimates its annual baseline collection level without state investment funds. The county then estimates a second enhanced collection level, which is due to state investment funds. The difference between the baseline and enhanced collection levels is the estimated total collections that are attributable to federal, state and county project funds invested. The total investment will produce additional assistance and nonassistance collections, as estimated by the participating county. The projected assistance collection increase is scheduled according to federal, state and county sharing ratios in the grant section of this premise.

State Investment Funds Project

FUNDING:

For the county administration section of this premise, the Merced County project is funded by the match method, which is currently shared 66 percent federal, 22.7 percent state, and 11.3 percent county. The 11.3 percent county share is subsidized with the federal and state incentives earned from the State's total distributed collections as established pursuant to the funding provisions of Assembly Bill (AB) 1111 (Chapter 147, Statutes of 1999.)

Kings and Santa Clara counties' projects are funded by the loan method, which are funded 66 percent federal and 34 percent state. The assistance/foster care (FC) collections are shared based on the Federal Medical Assistance Percentage (FMAP). These percentages are reflected below:

ASSISTANCE:

| | July 1999 – Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|------------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 46.03% | 45.91% | 45.31% |
| County | 2.42% | 2.42% | 2.44% |

ASSISTANCE Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 95.00% |
| County | 5.00% |

FC:

| | July 1999 – Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|------------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 19.38% | 19.33% | 19.50% |
| County | 29.07% | 29.00% | 29.25% |

FC Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 40.00% |
| County | 60.00% |

CHANGE FROM PRIOR SUBVENTION:

The FY 1999-00 administrative cost was increased to include cost for Kings and Santa Clara counties' final approved request.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2000-01 reflects a full year cost for Kings and Santa Clara counties. The collections sharing distribution changed due to the FMAP.

State Investment Funds Project

EXPENDITURES:

(in 000's)

| | CDSS | | DCSS | |
|----------------|---------|---------------|----------|---------------|
| | 1999-00 | | 2000-01 | |
| | Grant | County Admin. | Grant | County Admin. |
| Total | -\$825 | \$1,314 | -\$3,655 | \$1,465 |
| Federal | -412 | 867 | -1,819 | 967 |
| State | -372 | 407 | -1,654 | 458 |
| County | -41 | 40 | -182 | 40 |
| Reimbursements | 0 | 0 | 0 | 0 |

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Title IV-D Kids Program

DESCRIPTION:

This premise reflects a \$50 administrative incentive payment to the counties for obtaining third-party health coverage or insurance of beneficiaries under the Title IV-D Kids Program.

The Title IV-D Kids Program is an affordable means for noncustodial parents to obtain dependent health coverage through group health providers. The Title IV-D Kids Program covers the California Department of Child Support Services' (DCSS) cost of the \$50 incentive payments to counties for alternative dependent health insurance coverage. Health insurance includes medical, dental and vision coverage. Costs recovered through the health insurance coverage for Temporary Assistance For Needy Families (TANF)/Medi-Cal Program recipients are used to offset the costs of Medi-Cal benefits. Health insurance coverage for non-TANF cases results in cost avoidance of Medi-Cal expenditures. The California Department of Health Services separately estimates budget savings related to this premise.

The Title IV-D Kids medical insurance project is an innovative public and private partnership effort designed to provide affordable health care services to as many as two million California children, who are now serviced by the State's child support system. This program, successfully piloted in Sacramento County since July 1996, has created a unique relationship between the State and the private insurance industry while filling a critical need for children who might otherwise not be eligible for health insurance coverage.

IMPLEMENTATION DATE:

This premise will not be implemented.

KEY DATA/ASSUMPTIONS:

This premise will not be implemented at this time. Local child support agencies and the State are focusing resources on the implementation of the child support reform legislation, county interim automation systems transition, and local agency transitions.

METHODOLOGY:

The funds for FY 1999-00 and FY 2000-01 were eliminated due to the Title IV-D Kids Program not being expanded. The local child support agencies and the State are focusing resources on the implementation of the child support reform legislation, county interim automation systems transition, and local agency transitions.

FUNDING:

This premise will not be funded because it will not be expanded to other local child support agencies at this time. Sacramento County's incentives are funded within the "Health Insurance Incentives" Premise.

CHANGE FROM PRIOR SUBVENTION:

This premise will not be funded because it will not be expanded to other local child support agency at this time.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Title IV-D Kids Program

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$0 | \$0 |
| Federal | 0 | 0 |
| State | 0 | 0 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Health Insurance Incentives

DESCRIPTION:

This premise reflects the \$50 administrative incentive payment to the counties' Title IV-D program for identifying and obtaining third-party health coverage or insurance of beneficiaries available through non-custodial parents' health benefit plans.

Assembly Bill (AB) 568 (Chapter 718, Statutes of 1992) requires the California Department of Social Services (CDSS) to pay an incentive to the counties' Title IV-D program for obtaining third-party health coverage or insurance of beneficiaries. In addition, AB 2377 (Chapter 147, Statutes of 1994) allows family support offices to pursue health care coverage from health benefit plans that are subject to the Employee Retirement Income Security Act provisions when presented with a qualified medical support order. A \$50 incentive is paid once health insurance coverage is obtained by the district attorney and the California Department of Health Services (CDHS) has been notified. Health insurance includes medical, dental and vision coverage. Costs recovered through the health insurance coverage for Temporary Assistance For Needy Families (TANF)/Medi-Cal recipients are used to offset the costs of Medi-Cal benefits. Health insurance coverage for non-TANF cases results in cost avoidance of Medi-Cal expenditures. CDHS separately estimates budget savings related to this premise.

IMPLEMENTATION DATE:

This premise was implemented on October 1, 1993.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code section 14124.92.
- Fiscal Year (FY) 1997-98 actual expenditures were \$1,594,150.
- FY 1998-99 actual expenditures were \$1,871,955.
- The year-to-year expenditure growth rate from FY 1997-98 to FY 1998-99 was 17.4 percent.

METHODOLOGY:

- The FY 1999-00 estimate is based on the most recent two fiscal years' actual payments provided by CDSS' Financial Services Bureau, Administrative Unit. An expenditure growth rate of 17.4 percent was determined by comparing the FY 1998-99 actual payments to the FY 1997-98 actual payments. The growth rate was applied to FY 1998-99 actual expenditures to determine the FY 1999-00 cost.
- FY 2000-01 funding is held at the FY 1999-00 level.

FUNDING:

Costs for this premise are funded with 100 percent State General Fund.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

Health Insurance Incentives

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$2,198 | \$2,198 |
| Federal | 0 | 0 |
| State | 2,198 | 2,198 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Noncustodial Parent Demonstration Project

DESCRIPTION:

This premise displays the estimated local assistance costs of the Noncustodial Parent (NCP) Demonstration Project. Section 365 of the federal welfare reform law (Public Law 104-193) entitled "Work Requirements for Persons Owing Past-Due Child Support," mandates that states adopt laws requiring individuals to participate in work activities as the court deems appropriate. Since January 1, 1997, state law (section 3558 of the Family Code) permits judges to order NCPs who have children receiving Temporary Assistance for Needy Families (TANF) Program benefits and who are appearing before the court due to the nonpayment of child support to attend job training and seek job placement and vocational rehabilitation services.

The California Department of Social Services (CDSS) has established pilot projects in 13 counties for a period of three years to determine whether providing enhanced services to nonpaying NCPs would increase child support collections. The project involves a cooperative effort at the State and local levels between the contractor, the district attorney's office, the county welfare office, CDSS, and the Employment Development Department.

IMPLEMENTATION DATE:

Implementation of the project takes place in two phases. Phase I (Contra Costa, Los Angeles, Napa, San Benito, San Francisco, Santa Barbara, and Santa Clara counties) implemented in December 1998. Phase II (Alameda, Fresno, Riverside, San Mateo, Stanislaus, and Ventura counties) will be implemented in January 2001.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institution Code section 18205.5.
- The pilot projects may provide the following services: job search, vocation-specific education, and training, intensive case management, transportation and other supportive services.

Employment Services/Administration Cost

- The Fiscal Year (FY) 1999-00 cost of employment services was held to the counties allocation level of \$5,047,000 with an additional \$625,000 included for a media campaign.
- The Title IV-D administration funding for FY 1999-00 was held to the November 1999 Subvention estimate.
- The FY 2000-01 estimates were developed with a cost per participant, which was based on the Phase I counties expenditure data and caseload projection.
 - ◆ The average annual cost of providing employment services per participants is \$2,065.
 - ◆ The average annual administration cost for Title IV-D activities is \$1,045 per participants.
- The FY 2000-01 estimates also includes:
 - ◆ TANF funds in the amount of \$625,000 for the media campaign,
 - ◆ Funds for Phase II start-up costs, \$247,000 with TANF, and \$382,000 with Title IV-D.

Noncustodial Parent Demonstration Project

KEY DATA/ASSUMPTIONS (continued):

- The number of participants varies depending upon the county. Statewide, the anticipated annual number of participants for Phase I is 1,540 for FY 1999-00, and 2,195 for FY 2000-01. An additional 210 participants are anticipated for Phase II in FY 2000-01.
- The projected child support administration cost in FY 1999-00 is held at the November 1999 Subvention estimate. Although projected caseload was reduced, the cost per participant has increased based on actual expenditures.
- The projected child support collections in FY 1999-00 were held to the November 1999 Subvention estimate.

Child Support Collections

- It is assumed there will be 1,797 “smokeouts” from Phase I in FY 1999-00. An additional 248 ‘smokeouts’ from Phase II in FY 2000-01. “Smokeouts” are NCPs who are working and have not previously reported their income to child support officials, or they are NCPs who obtain jobs on their own as a result of a demonstration enforcement action (letter, contempt order) prior to being enrolled in the project.
- The lag time for “smokeouts” is assumed to be two months in order to modify the support order.
- A six-month lag time is assumed before collections will occur because the average time in employment training is four months, and it takes approximately two months to have a support order modified.
- Based on Los Angeles County’s experience with Parents’ Fair Share Demonstration Project, the following is assumed: 36.1 percent of the participants will pay child support after going through employment training; the average length of time paying child support is 18 months; and, the average monthly child support paid is \$91.

METHODOLOGY:

Employment Services/Administration Cost

- The FY 1999-00 cost of employment services was held to the counties allocation level of \$5,047,000 with an additional \$625,000 included for a media campaign.
- The Title IV-D administration funding for FY 1999-00 was held to the November 1999 Subvention estimate.
- The projected TANF employment services are based on the average cost per participant (\$2,065) multiplied by the projected caseload for Phase I (2,195) and for Phase II (210). In addition, \$625,000 was added for the media campaign, as well as, \$247,000 for Phase II start-up costs.
- The projected Title IV-D administration costs are based on the average cost per participant (\$1,045) multiplied by the projected caseload for Phase I (2,195) and for Phase II (210). In addition, \$382,000 was added for Phase II start-up costs.

Noncustodial Parent Demonstration Project

METHODOLOGY (continued):

Child Support Collections

- The projected child support collections are based on estimates of Phase I and Phase II participants and “smokeouts” from the 13 participating counties.
 - ◆ For FY 1999-00, the estimated collections of Phase I participants are \$230,000 and “smokeouts” are \$509,000. This results in a combined total of \$739,000.
 - ◆ For FY 2000-01, the estimated collections of Phase I participants are \$730,000 and “smokeouts” are \$2,178,000. The estimated collections of Phase II “smokeouts” are \$7,000. This results in a combined total of \$2,915,000. There would not be any collections for Phase II participants until the following year.

FUNDING:

The project is funded with TANF, and Title IV-D funds, with anticipated federal, state and county savings. The employment service activities are funded with 100 percent TANF funds. The Title IV-D eligible activities are funded with 66 percent federal Title IV-D and 34 percent State General Fund. The assistance collections are shared based on the Federal Medical Assistance Percentage. These percentages are reflected below:

ASSISTANCE:

| | July 1999 – Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|------------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 46.03% | 45.91% | 46.31% |
| County | 2.42% | 2.42% | 2.44% |

ASSISTANCE Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 95.00% |
| County | 5.00% |

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated based on the counties’ projected costs and collections. The FY 1999-00 TANF amount has been reduced due to a delayed Phase II startup and a lower participation rate than initially projected.

In FY 1999-00, the child support administration cost and collections were not changed from prior subvention. In FY 2000-01, the administration cost increased based on cost per case increased.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in FY 2000-01 is the effect of an anticipated increase of Phase I participants and the implementation of Phase II of the program.

Noncustodial Parent Demonstration Project

CDSS EXPENDITURES:

(in 000's)

Item 101 -

| CalWORKs Services | 1999-00 | 2000-01 |
|-------------------|----------|----------|
| | Services | Services |
| Total | \$5,671 | \$5,837 |
| Federal | 5,671 | 5,837 |
| State | 0 | 0 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

CDSS/DCSS EXPENDITURES:

(in 000's)

| Child Support Collections and Administration | CDSS | | DCSS | |
|---|---------|------------------|----------|------------------|
| | 1999-00 | | 2000-01 | |
| | Grant | County Admin. | Grant | County Admin. |
| Total | -\$739 | \$1,474 | -\$2,915 | \$2,894 |
| Federal | -370 | 973 | -1,451 | 1,910 |
| State | -332 | 501 | -1,319 | 984 |
| County | -37 | 0 | -145 | 0 |
| Reimbursements | 0 | 0 | 0 | 0 |

San Mateo County Noncustodial Parent Demonstration Project

DESCRIPTION:

This premise reflects the provision of budget authority to San Mateo County to receive the federal funds for the State Access and Visitation Program. The federal grant was under provisions of Section 469B of Title IV-D of the Social Security Act as amended by Title III of the Personal Responsibility and Work Opportunity Act of 1996 (Public Law 104-193).

The purpose of this demonstration project is to test whether or not providing supportive services to noncustodial parents (NCPs) will increase their voluntary child support payments and produce other positive benefits for the family. This is to be accomplished by establishing and administering programs to support and facilitate NCPs' access to and visitation of their children.

IMPLEMENTATION DATE:

This premise was implemented on September 30, 1997.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code section 18205.
- This is a three-year demonstration project from September 30, 1997, through September 30, 2000.
- The Federal Fiscal Year (FFY) 1998 project cost is \$250,000.
- The FFY 1999 project cost is \$221,000.
- The FFY 2000 project cost is \$236,000.

METHODOLOGY:

- The State Fiscal Year (SFY) 1999-00 estimate reflects one quarter of the FFY 1999 grant (\$55,250) and three quarters of the FFY 2000 grant (\$177,000), resulting in a total of \$232,250.
- The SFY 2000-01 total estimate reflects the remaining one quarter of the FFY 2000 grant (\$59,000).

FUNDING:

The cost is funded at 66 percent federal Title IV-D funds, 29 percent federal Section 1115 grant, and 5 percent county funds. The five-percent county share is subsidized with the federal and state incentives earned from the State's total distributed collections as established pursuant to the funding provisions of Assembly Bill 1111 (Chapter 147, Statutes of 1999).

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2000-01 reflects only one quarter of cost.

San Mateo County Noncustodial Parent Demonstration Project

EXPENDITURES:

| (in 000's) | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$232 | \$59 |
| Federal | 221 | 56 |
| State | 0 | 0 |
| County | 11 | 3 |
| Reimbursements | 0 | 0 |

State-Only Locate Cases

DESCRIPTION:

This premise reflects the costs of automation reprogramming that would allow for continued efforts on closed Title IV-D "locate" cases using automated resources to locate noncustodial parents (NCP) and their earnings or assets for child support purposes. It would provide the State with the ability to close Title IV-D cases after three years, thereby helping California to benefit on the federal incentives performance measures. As a result, this would maximize the amount of federal performance incentive payments. This premise must be funded with state monies because closed Title IV-D cases will not be eligible for Title IV-D federal financial participation until reopened.

Continued locate efforts will be provided by the California Parent Locator Service and the Franchise Tax Board Collection Program, which act as clearing houses for referring cases to various automated databases in search of NCPs and related financial information. When such information is obtained by the State-only locate program, it will notify the appropriate county. The county will reopen the Title IV-D case and provide the necessary Title IV-D services using the new information.

IMPLEMENTATION DATE:

This premise will begin implementation on March 1, 2001.

KEY DATA/ASSUMPTIONS:

The estimated cost is for automation reprogramming at the county level.

METHODOLOGY:

The estimated cost is based on telephone survey with selected counties.

FUNDING:

This premise is funded with 100 percent State General Fund.

CHANGE FROM PRIOR SUBVENTION:

There is a delay in the implementation of this premise so the funds are being reflected in Fiscal Year (FY) 2000-01 rather than FY 1999-00.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise reflects a one-time cost for automation reprogramming in FY 2000-01.

State-Only Locate Cases

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$0 | \$900 |
| Federal | 0 | 0 |
| State | 0 | 900 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Public Law 105-200 Alternative Federal Penalty

DESCRIPTION:

This premise reflects the alternative federal penalty for failure to complete the Statewide Automated Child Support System (SACSS) by the required date.

Due to the failure of the SACSS, the Department became subject to federal fiscal penalties. Recent federal legislation, Public Law 105-200, The Child Support Performance and Incentive Act of 1998, allows the Secretary of the Department of Health and Human Services to waive current penalties and impose an alternative penalty if states have made good faith efforts to meet the federal automation requirements.

Under the alternative penalty, the Department would be penalized four percent of federal Child Support Enforcement Program administrative funds for Federal Fiscal Year (FFY) 1998, eight percent for FFY 1999, 16 percent for FFY 2000, 25 percent for FFY 2001, and 30 percent for FFY 2002 and each subsequent year, until the requirements are met.

IMPLEMENTATION DATE:

This premise was implemented in State Fiscal Year (SFY) 1999-00.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code section 10088(a).
- The FFY 1998 federal penalty imposed is based on the FFY 1997 administrative cost (\$299,102,000).
- The FFY 1998 federal penalty rate is four percent.
- The FFY 1999 federal penalty imposed is based on the estimated FFY 1998 administrative cost (\$336,854,000).
- The FFY 1999 federal penalty rate is eight percent.
- The FFY 2000 federal penalty imposed is based on the estimated FFY 1999 administrative cost (\$406,251,000).
- The FFY 2000 federal penalty rate is 16 percent.
- The FFY 2001 federal penalty imposed is based on information dated December 1, 1999, provided by the federal Administration for Children and Families (ACF).
- The FFY 2001 federal penalty rate is 25 percent.

Public Law 105-200 Alternative Federal Penalty

METHODOLOGY:

- The SFY 1999-00 estimate (\$103,913,000) reflects the federally imposed penalty for FFYs 1998, 1999, and 2000. This was calculated as follows:
 - ◆ The FFY 1998 penalty rate of four percent was applied against the FFY 1997 administrative cost of \$299,102,000, resulting in a penalty amount of \$11,964,000.
 - ◆ The FFY 1999 penalty rate of eight percent was applied against the FFY 1998 administrative cost of \$336,854,000, resulting in a penalty amount of \$26,948,000.
 - ◆ The FFY 2000 penalty rate of sixteen percent was applied against the FFY 1999 administrative cost of \$406,251,000, resulting in a penalty amount of \$65,000,000.
- The SFY 2000-01 penalty is estimated to be \$101,563,000, and reflects information provided by ACF.

FUNDING:

These costs are funded with 100 percent State General Fund.

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The penalty imposed in SFY 2000-01 is lower because it reflects the penalty cost for only one year compared to three years in SFY 1999-00.

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$0 | \$0 |
| Federal | -103,913 | -101,563 |
| State | 103,913 | 101,563 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Foster Parent Training Fund

DESCRIPTION:

This premise reflects the cost of the Foster Parent Training Fund. Welfare and Institutions Code (W&IC) section 903.7(b) provides that the difference between the net state share of the estimated child support foster care (FC) collections and the base level of the FC estimated state share of total child support collections be transferred to the Foster Parent Training Fund.

The community colleges, in consultation with the California State Foster Parents Association and the Department, conduct the foster parent training programs. Training consists of teaching foster parents subjects including sibling rivalry, reuniting foster children with their parents, foster care regulations and child growth and development.

IMPLEMENTATION DATE:

This premise was implemented on July 1, 1981.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&IC section 903.7(b).
- The FC estimated state share of collections, based on the sum of the estimated state's share of basic distributed collections and the State's share of all of the child support collections premises, is \$10,650,000 for Fiscal Year (FY) 1999-00, and \$11,462,000 for FY 2000-01.
- The FC estimated state share of incentives is \$3,747,000 for FY 1999-00, and \$4,453,000 for FY 2000-01.
- The FC state share of collections base level cannot exceed \$3,750,000 each year based on the W&IC section 903.7(b).

METHODOLOGY:

- The Foster Parent Training Fund estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections is \$10,650,000 for FY 1999-00, and \$11,462,000 for FY 2000-01.
- The net state shares of FC collections, which are \$6,903,000 for FY 1999-00, and \$7,009,000 for FY 2000-01, are the result of deducting the estimated state shares of FC incentives, which are \$3,747,000 for FY 1999-00, and \$4,453,000 for FY 2000-01, from the State's estimated shares of total FC collections. The State FC base level of \$3,750,000 is then subtracted from the net state share of FC collections to identify the amounts to transfer to the Foster Parent Training Fund, which are \$3,153,000 for FY 1999-00, and \$3,259,000 for FY 2000-01.

FUNDING:

The actual transfer from child support FC collections to the Foster Parent Training Fund is 100 percent State General Fund.

Foster Parent Training Fund

CHANGE FROM PRIOR SUBVENTION:

This estimate was updated for the most recent estimated FC collections and incentives for FY 2000-01.

REASON FOR YEAR-TO-YEAR CHANGE:

The change in FY 2000-01 is based on the update for the most recent estimated FC collections.

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------|---------|
| | 1999-00 | 2000-01 |
| | Grant | Grant |
| Total | \$3,153 | \$3,259 |
| Federal | 0 | 0 |
| State | 3,153 | 3,259 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Title IV-E Child Support Collections

DESCRIPTION:

This premise reflects the federal share of Foster Care (FC) collections that reduces the federal share of FC expenditures.

For Fiscal Year (FY) 1999-00, the FC collections continues to be shown within the California Department of Social Services (CDSS) child support program collections and are abated against the FC Net Payments expenditures. For FY 2000-01, the FC collection activities transfer to the new California Department of Child Support Services (DCSS). The DCSS is then responsible for sending the federal share of FC collections back to CDSS, which is the single state agency for the Title IV-E program, so the federal government can be reimbursed.

IMPLEMENTATION DATE:

This premise will be implemented on July 1, 2000.

KEY DATA/ASSUMPTIONS:

- It is assumed for FY 2000-01 that FC share of collections represents 5.97 percent, which is based on actual data reported on the CS 800 Reports, Summary Reports of Child and Spousal Support Payments for FY 1998-99.
- The federal participation of FC collection is assumed to be 48.88 percent.
- The Federal Medical Assistance Percentage (FMAP) is assumed to be 51.67 percent for the period July 1, 2000, through September 30, 2000, and 51.25 percent for the period October 1, 2000, through June 30, 2001.

METHODOLOGY:

- For each child support premise, the FY 2000-01 FC share of collections percentage (5.97 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 48.88 percent for each premise. The FMAP rate was then applied. The results for each premise were summed up to a total of \$9,606,000 in the federal share of FC collections.
- The funding is shown as an administrative cost pass through in the DCSS' budget and as an expenditure reduction in the CDSS' budget under FC Net Payments.

FUNDING:

This premise is funded at the FMAP rate.

CHANGE FROM PRIOR SUBVENTION:

This premise changed as a result of updating the estimated collections.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise will not take effect until FY 2000-01.

Title IV-E Child Support Collections

EXPENDITURES: ¹
(in 000's)

| | CDSS 2000-01 | | DCSS 2000-01 | |
|----------------|-----------------|------------------|-----------------|------------------|
| | Grant | County Admin. | Grant | County Admin. |
| Total | -\$9,606 | \$0 | \$0 | \$9,606 |
| Federal | -9,606 | 0 | 0 | 9,606 |
| State | 0 | 0 | 0 | 0 |
| County | 0 | 0 | 0 | 0 |
| Reimbursements | 0 | 0 | 0 | 0 |

¹ – For FY 1999-00, the Title IV-E federal share of collections is reflected in CDSS' budget as FC Child Support Collections (-\$8,989), which offsets the FC grant.

AB 150 Transfer to the Department of Child Support Services

DESCRIPTION

This premise reflects the transfer of appropriation authority in the 1999 Budget Act from the California Department of Social Services to the Department of Child Support Services (DCSS). This transfer is authorized pursuant to Section 9 of Assembly Bill (AB) 150 (Chapter 479, Statutes of 1999).

IMPLEMENTATION DATE

This premise was implemented on January 1, 2000.

KEY DATA/ASSUMPTIONS

Authorizing statute: Section 9 of AB 150 (Chapter 479, Statutes of 1999).

METHODOLOGY

The funding level was based on the DCSS' Budget Change Proposal. The federal Title IV-D funds are transferred from the child support administration, and the State General Fund (GF) are transferred from the child support incentives.

FUNDING

The total costs are shared 66 percent federal Title IV-D funds and 34 percent GF.

CHANGE FROM PRIOR SUBVENTION

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE

This premise is only for Fiscal Year 1999-00.

EXPENDITURES:

| (in 000's) | CDSS | | DCSS | |
|----------------|---------|---------------|---------|---------------|
| | 1999-00 | | 2000-01 | |
| | Grant | County Admin. | Grant | County Admin. |
| Total | \$0 | -\$3,335 | \$0 | \$0 |
| Federal | 0 | -3,335 | 0 | 0 |
| State | -1,719 | 0 | 0 | 0 |
| County | 1,719 | 0 | 0 | 0 |
| Reimbursements | 0 | 0 | 0 | 0 |

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Backfill the Loss of Federal Financial Participation for County Automation

DESCRIPTION

This premise provides State General Fund (GF) to replace the loss of Federal Financial Participation (FFP) for transition costs for counties transitioning to one of the four selected consortia systems, and enhancement costs for all interim systems in Fiscal Year (FY) 1999-00. An Advanced Planning Document Update (APDU) will be submitted for federal approval in May 2000. At this time, it is unknown whether all of the costs submitted in the APDU will be approved.

This premise also provides GF to replace the loss of FFP in FY 2000-01 for nine counties that are without federally approved Advanced Planning Documents as a result of the termination of the Statewide Automated Child Support System (SACSS) project in November 1997. The federal government has agreed to provide Electronic Data Processing (EDP) maintenance & operations (M&O) funding for these counties once they transition to a federally approved interim consortia system.

IMPLEMENTATION DATE

This premise was implemented on July 1, 1999.

KEY DATA/ASSUMPTIONS

- Authorizing statute: Welfare and Institution Code section 10087.
- Expenditures for the county transitions and enhancements may not be eligible for FFP in FY 1999-00. This results in a reduction of federal funds in the amount of \$10,647,000.
- Expenditures for the nine counties EDP M&O are not eligible for FFP in FY 2000-01. This will result in a total reduction of federal funds in the amount of \$3,496,000.

METHODOLOGY

Transition & Enhancements:

- The data for the enhancement costs are based on county input through surveys, which provided system enhancements and updated cost estimates. The data for the transition (conversion, data cleanup, and training) costs are based on historical experience gained from previous transitions, and county input.
- Details regarding the systems enhancements are contained in the APDU to be submitted to the federal Office of Child Support Enforcement by May 1, 2000.

EDP M&O:

- The nine counties requiring GF backfill will eventually transition off of their current child support enforcement systems onto an interim consortia system until a single statewide system is developed. The funding level for each of the nine counties was based upon their projected yearly EDP M&O, and then divided by the number of months each county would remain on their current system during FY 2000-01.

FUNDING

All costs are 100 percent GF with a corresponding reduction to the federal share of the designated child support EDP M&O and Transition and Enhancement premises.

Backfill the Loss of Federal Financial Participation for County Automation

CHANGE FROM PRIOR SUBVENTION

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE

This is a new premise.

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$0 | \$0 |
| Federal | -10,674 | -3,496 |
| State | 10,674 | 3,496 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

California Arrearage Management Project (CAMP) – County Costs

DESCRIPTION

This premise reflects the costs, which local child support agencies will incur in Fiscal Year (FY) 2000-01, arising from implementation of the California Arrearage Management Project (CAMP). This will enable the local agencies to provide Franchise Tax Board (FTB) with the additional information required for this program. FTB support costs are funded through the California Department of Child Support Services state operations budget and the 66 percent federal funds are passed on to FTB through a contract.

Assembly Bill 196 (Chapter 478, Statutes of 1999) and Senate Bill 542 (Chapter 480, Statutes of 1999) requires FTB to manage the accounts receivable resulting from all child support delinquencies more than 60 days in arrears and more than \$100. CAMP is the technology solution to achieve the legislative mandate.

IMPLEMENTATION DATE

This premise will implement on July 1, 2000.

KEY DATA/ASSUMPTIONS

Authorizing statute: Family Code section 17500 and Revenue and Taxation Code section 19271.

METHODOLOGY

- The funding level was based on the assumption that data may reside on one or more platforms such as PCs, mainframes, or Unix systems, and may reside on multiple tables or files.
- The funding level was also based on FTB's experience with systems modifications similar to those that FTB anticipates the local agencies will have to make.

FUNDING

This project is funded with 66 percent federal Title IV-D funds and 34 percent State General Fund.

CHANGE FROM PRIOR SUBVENTION

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE

This is a new premise.

California Arrearage Management Project (CAMP) – County Costs

EXPENDITURES:

(in 000's)

| | CDSS | | DCSS | |
|----------------|---------|---------------|---------|---------------|
| | 1999-00 | | 2000-01 | |
| | Grant | County Admin. | Grant | County Admin. |
| Total | \$0 | \$0 | \$0 | \$1,066 |
| Federal | 0 | 0 | 0 | 704 |
| State | 0 | 0 | 0 | 362 |
| County | 0 | 0 | 0 | 0 |
| Reimbursements | 0 | 0 | 0 | 0 |

Interim Access Federal Case Registry

DESCRIPTION

This premise reflects the costs to fund reprogramming by four of the lead consortium local child support agencies to access the Federal Case Registry (FCR) until the State Case Registry (SCR) can be fully developed and implemented as part of the new statewide system. The interim system is an alternate way to access the FCR to obtain timely employer data on noncustodial parents who are newly employed outside of California and to identify case members in common with other states.

The SCR and the FCR were mandated by Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The SCR to FCR interface is an automated process that allows for the exchange of transactions concerning IV-D cases and non IV-D orders.

This premise also funds the local child support agency costs for sending out the family violence indicator notices to custodial and noncustodial parents to identify victims or potential victims of family violence. Restrictions are placed on the release of information from the FCR on those cases coded for family violence.

IMPLEMENTATION DATE

This premise will implement on July 1, 2000.

KEY DATA/ASSUMPTIONS

- Authorizing statute: Public Law 104-193 and Welfare and Institution Code section 16576
- Notices for the Family Violence Indicator will be sent out to custodial and noncustodial parents. The costs for each of the notices include paper costs of \$0.0035, an envelope cost of \$0.024, and a first-class postage cost of \$0.33.
- The case count (1,966,085) is based on the Child Support Audit System report.

METHODOLOGY

- The funding level for the reprogramming costs (\$378,000) was based on approved funding for three of the lead consortium local agencies: Alameda (\$52,800), Los Angeles (\$200,000), and Riverside (\$125,000).
- The funding level for the Family Violence Indicator notice and mailing costs (\$1,174,000) were based on cost information provided by San Francisco, which is one of the two pilot local child support agencies that implemented in Fiscal Year 1999-00.
- The case count was approximately doubled to assume that each custodial and noncustodial parent in a case would receive the notice.

FUNDING

This premise is funded with 66 percent federal Title IV-D funds and 34 percent State General Fund.

CHANGE FROM PRIOR SUBVENTION

This is a new premise.

Interim Access Federal Case Registry

REASON FOR YEAR-TO-YEAR CHANGE

This is a new premise.

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$0 | \$1,552 |
| Federal | 0 | 1,024 |
| State | 0 | 528 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Local Agency Transitions

DESCRIPTION

This premise provides funds to the local child support agencies for their planning and preparation efforts for the anticipated transition.

Assembly Bill 196 (Chapter 478, Statutes of 1999) and Senate Bill 542 (Chapter 480, Statutes of 1999) requires each county to establish a county department of child support services referred to as the local child support agency, to which the California Department of Child Support Services (DCSS) has delegated or with which DCSS has contracted, to secure child and spousal support, medical support, and determine paternity in a county pursuant to these provisions.

The transitions are to begin January 1, 2001, with at least 50 percent of the State cases to be transferred by January 1, 2002, and the remaining cases to be completed by January 1, 2003. Since most counties operate on a July-June fiscal year, it is assumed that counties would begin planning in Fiscal Year (FY) 2000-01 and actually transition July 1, 2001.

IMPLEMENTATION DATE

This premise will implement on July 1, 2000.

KEY DATA/ASSUMPTIONS

- Authorizing statute: Family Code sections 17304 and 17305.
- It is assumed that each local child support agency would need a transition consultant/planner for planning purposes at an average cost of \$50,000.
- It is assumed that half of the counties would transition the first year, beginning July 1, 2001. Therefore, requiring funds, at an average cost of \$62,500, to change signage, forms, letterhead, etc.

METHODOLOGY

- The funding level was based on local child support agency response to the Local Agency Transition survey in the FY 2000-01 County Funding Request process.
- The average cost of \$62,500 to change signage, forms, and letterheads is based on \$100,000 for a large size county, \$75,000 for a medium size county, \$50,000 for a small county, and \$25,000 for a very small county.

FUNDING

The total costs are shared 66 percent federal Title IV-D funds and 34 percent State General Fund.

CHANGE FROM PRIOR SUBVENTION

This is a new premise.

REASON FOR YEAR-TO-YEAR CHANGE

This is a new premise.

Local Agency Transitions

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$0 | \$4,713 |
| Federal | 0 | 3,111 |
| State | 0 | 1,602 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Child Support Incentives

DESCRIPTION:

This premise reflects the federal and state child support incentives.

Federal and state governments have historically paid an incentive to counties as a means of increasing collections. In the past, counties earned 13.6 percent on distributed collections which equated to six percent federal and 7.6 percent state incentive dollars. Effective October 1, 1999, the methodology for calculating state entitlement for federal child support incentives was changed by Public Law (P.L.) 105-200, the Child Support Performance and Incentive Act of 1998. The federal incentives that will be passed-on to California counties will no longer be a flat six percent of distributed collections. Furthermore, effective July 1, 1999, Assembly Bill (AB) 1111 (Chapter 147, Statutes of 1999) changed the way state child support incentives will be paid to counties. State incentives will now be used to fund net county administrative expenditures, after federal financial participation and federal incentives have been deducted.

As mandated by AB 1111, a flat rate of 13.6 percent of statewide projected collections must be used to establish the funding pool in each state fiscal year. This pool comprises a combination of both federal and state incentive dollars available to fund county administrative expenditures and recurring and non-recurring electronic data processing maintenance and operation automation costs. The federal incentives are estimated using the new methodology; the State funds are what remains of the 13.6 percent pool after deducting estimated federal incentives.

IMPLEMENTATION DATE:

- AB 1111 implemented changes to the State child support incentive methodology effective July 1, 1999.
- P.L. 105-200 implemented changes to the federal child support incentive methodology effective October 1, 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17704.
- The combined federal and state incentive payment shall be 13.6 percent of the distributed collections. Distributed collections are those actually received by families or agencies providing Temporary Assistance for Needy Families or foster care.
- The federal government pays incentives based on P.L. 105-200 using the following criteria:

1. The State's Collection Base

The federal incentive methodology gives a weight of two for all distributed collections made in current and former assistance cases. The Federal Fiscal Year (FFY) 1998 distributed collections were used from the federal Office of Child Support Enforcement Fiscal Year 98 Box Scores by States (Preliminary) report. The formula is as follows:

$$2 \times (\text{Current Support Collections} + \text{Former Assistance Collections}) + \text{Never Assistance Collections} = \text{the State Collection Base}$$

Child Support Incentives

KEY DATA/ASSUMPTIONS (continued):

2. Performance Measures

The federal incentive methodology considers program performance in five areas to determine a state's incentive rate:

- ◆ Paternities Established
- ◆ Support Orders Established
- ◆ Current Support Collected
 - The above three measures may each earn 1.00 percent of the collection base.
- ◆ Cases Paying on Arrears
- ◆ Cost-Effectiveness
 - The above two measures may each earn a maximum of 0.75 percent of the collection base.

Based on the five areas to determine a state's incentive rate, the maximum rate that a state can receive is 4.5 percent. The rate for California is assumed at 2.71 percent based on their performance in each of the areas.

3. The Incentive Base Amount

The performance rate multiplied by the collection base equals the incentive base amount. California's incentive base amount was assumed to be \$64,066,000.

4. Comparison with Other States

The sum of all states' incentive base amounts is divided into each state's incentive base amount to determine the State's percentage of the available federal pool. Based on this calculation it was assumed that California's percentage for the available federal pool of funds would be 11.57 percent.

5. The Available Federal Incentive Pool

P.L. 105-200 established a set pool of available incentive funds for each federal fiscal year through FFY 2008. After FFY 2000, the available pool of federal incentive funds will be determined using the Consumer Price Index. Following are the statutorily set pool amounts:

- ◆ FFY 2000 \$422,000,000
- ◆ FFY 2001 \$429,000,000
- ◆ FFY 2002 \$450,000,000
- ◆ FFY 2003 \$461,000,000
- ◆ FFY 2004 \$454,000,000
- ◆ FFY 2005 \$446,000,000
- ◆ FFY 2006 \$458,000,000
- ◆ FFY 2007 \$471,000,000
- ◆ FFY 2008 \$483,000,000

Child Support Incentives

KEY DATA/ASSUMPTIONS (continued):

6. Determining the States Incentive Entitlement

The State's percentage of the available pool, as determined in number 5, is multiplied by the available federal pool in the applicable federal fiscal year to determine the State's entitlement to federal incentives. It is assumed that California would be entitled to \$48,809,000 in federal incentives.

7. Phase-in

P.L. 105-200 established that in FFY 2000, two-thirds of the State's incentive will be paid using the old methodology of six percent, and one-third will be paid using the new methodology. In FFY 2001, one-third of the incentive will be paid using the old methodology and two-thirds will be paid using the new methodology. In FFY 2002, full implementation begins.

METHODOLOGY:

- Incentives are paid on 13.6 percent of estimated distributed collections. For State Fiscal Year (SFY) 1999-00, distributed collections are estimated at \$650,718,000 for assistance and \$1,166,905,000 for nonassistance. In SFY 2000-01, the collections are estimated at \$699,738,000 for assistance and \$1,290,523,000 for nonassistance.
- The federal incentives are estimated using the new methodology under P.L. 105-200. For SFY 1999-00, the federal incentives are \$72,083,000, and for SFY 2000-01, the federal incentives are \$58,760,000.
- The State incentives are what remains of the 13.6 percent pool after deducting estimated federal incentives. For SFY 1999-00, the State incentives are \$175,114,000, and for SFY 2000-01, the State incentives are \$211,915,000.

FUNDING:

The federal incentives are estimated using the new methodology under P.L. 105-200. The State incentives are what remains of the 13.6 percent pool after deducting estimated federal incentives. The federal and state incentives will fund administrative costs incurred by local child support agencies. Effective July 1, 2001, any remaining incentive funds appropriated for the prior fiscal year will be reappropriated to implement an incentive program to reward up to ten local child support agencies.

CHANGE FROM PRIOR SUBVENTION:

This premise has been updated for SFY 2000-01 for the 13.6 percent available incentive pool based on the most recent estimated distributed collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2000-01 estimate decreased due to the estimated collections, which results in the 13.6 percent incentive pool decrease.

Child Support Incentives

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|-------------|-------------|
| | 1999-00 | 2000-01 |
| | Grant | Grant |
| Total | \$0 | \$0 |
| Federal | 72,083 | 58,760 |
| State | 175,114 | 211,915 |
| County | -247,197 | -270,675 |
| Reimbursements | 0 | 0 |

Improved Collections Incentives (AB 196)

DESCRIPTION

This premise reflects the incentives for local child support agencies with the ten highest welfare and former welfare collections standards pursuant to Assembly Bill 196 (Chapter 478, Statutes of 1999).

These local agencies would receive an additional five percent of the State's share of their collections that are used to reduce or repay aid. The counties are encouraged to use the increased recoupment to continue to increase child support collections in the county.

IMPLEMENTATION DATE

This premise will implement on July 1, 2000.

KEY DATA/ASSUMPTIONS

Authorizing statute: Family Code section 17706.

METHODOLOGY

The welfare and former welfare collections standards have not been established. Therefore, the estimate reflects five percent of state share child support California Work Opportunity and Responsible to Kids (CalWORKs) collections from the Fiscal Year (FY) 1998-99 performance scores computation of the top ten scoring counties, which is based on total CalWORKs collections divided by the average number of CalWORKs cases.

FUNDING

These costs are 100 percent State General Fund.

CHANGE FROM PRIOR SUBVENTION

This premise has been updated based on the final county performance score computation for FY 1998-99.

REASON FOR YEAR-TO-YEAR CHANGE

This premise becomes effective July 1, 2000.

Improved Collections Incentives (AB 196)

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------|---------|
| | 1999-00 | 2000-01 |
| | Grant | Grant |
| Total | \$0 | \$1,159 |
| Federal | 0 | 0 |
| State | 0 | 1,159 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Child Support Automation

DESCRIPTION:

This premise reflects the costs associated with the Child Support Pre-Statewide Interim Systems Management (PRISM) project for Fiscal Year (FY) 1999-00. For FY 2000-01, it reflects the redirection of the PRISM project from the California Health and Human Services Agency Data Center (HHSDC) to the California Department of Child Support Services (DCSS). It also reflects the re-direction from the HHSDC, to the Franchise Tax Board (FTB) of the single statewide automated child support development and implementation activity pursuant to Assembly Bill (AB) 150 (Chapter 479, Statutes of 1999). Additionally, it includes the federal funds appropriated by AB 150 as a pass through to FTB in support of the single statewide system.

The Statewide Automated Child Support System (SACSS) was intended to meet federal mandates but the contract for its development was terminated on November, 19, 1997, when it failed to meet specifications. In the Spring of 1998, the California Child Support Automation project was initiated to assist counties in need of Year 2000 (Y2K) or other remediation to transition to one of the selected interim consortia systems, and plan the single statewide child support system solution, Statewide Disbursement Unit, and State Case Registry.

On September 24, 1999, AB 150 was enacted. This legislation transferred responsibility for the development and implementation of the single statewide automated system from HHSDC to FTB, but left responsibility for interim systems management with HHSDC. The PRISM project is responsible for ensuring that all counties will have an automation system that will allow them to continue their child support services while the single statewide automated child support system is being developed and implemented.

Based on the new direction for child support automation as specified in AB 150, the State General Fund (GF) resources associated with statewide implementation, contract and consultant costs for new system planning and development, concept development and verification, project management and support, and independent verification and validation were transferred to FTB. However, for FY 1999-00 the federal funds for the statewide system will be budgeted at California Department of Social Services (CDSS) and passed through as a reimbursement to FTB. In FY 2000-01, the new DCSS becomes the single state agency for the Title IV-D funds. Therefore, the FY 2000-01 federal funds will be budgeted at DCSS and passed through as a reimbursement to FTB.

In addition, AB 150 provided for an appropriation of \$6,600,000 to FTB in support of a statewide system. However, the federal funds, Title IV-D, can only be obtained through the single state agency. For FY 1999-00, the federal funds associated with this appropriation will be budgeted at CDSS and passed through as a reimbursement to FTB. For FY 2000-01, the federal funds will be budgeted at DCSS and passed through as a reimbursement to FTB.

IMPLEMENTATION DATE:

This premise was implemented in September 1999.

Child Support Automation

KEY DATA/ASSUMPTIONS:

Authorizing statute: Welfare and Institutions Code section 10080 et seq.

METHODOLOGY:

California Child Support Automation System

- Legislation transferred the responsibility for the development and implementation of the single statewide automated system from HHSDC to FTB. The estimated federal funds for the single statewide automated system for FY 1999-00 is \$8,092,000, and \$12,896,000 for FY 2000-01.

Child Support Automation – PRISM

- The State cost projections for Child Support PRISM were based on the project's new management planning tool, which identifies all tasks/activities and assigns these tasks/activities to staff. The major cost components for FY 1999-00 are: 1) SACSS historical data access; 2) project management and support; 3) conversion bridges; and, 4) county oversight, including Y2K evaluation and oversight. Changes in the budget estimates reflect the change in direction based on AB 150.
- For FY 2000-01, the estimate reflects the shift of funding from DCSS local assistance to DCSS state operations.

FUNDING:

Total costs for Child Support Automation - PRISM are shared 66 percent federal and 34 percent GF. The Title IV-D federal funds pass through for the single statewide system represents 66 percent.

CHANGE FROM PRIOR SUBVENTION:

For the PRISM project, the estimate reflects the shift of funds from local assistance to state operations.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in FY 2000-01 is based on FTB's additional funding need as reflected in the Spring Finance Letter.

Child Support Automation

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|---------------|---------------|
| | 1999-00 | 2000-01 |
| | County Admin. | County Admin. |
| Total | \$25,852 | \$12,896 |
| Federal | 19,813 | 12,896 |
| State | 6,039 | 0 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

CDSS/HHSDC PARTNERSHIP:

(in 000's)

| | 1999-00 | 2000-01 |
|-------|----------|---------|
| Total | \$25,852 | \$0 |
| CDSS | 8,092 | 0 |
| HHSDC | 17,760 | 0 |

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Child Support Program – Basic Collections

DESCRIPTION:

This premise reflects the revenue from the basic distributed child support collections.

Basic collections represent the ongoing efforts of the district attorneys and family support units to collect child support payments from responsible, noncustodial parents. Besides child support payment data, significant factors that affect basic collections include minimum award, wage assignments, and intercepts. Although the district attorneys collect child support payments for the assistance, foster care (FC), and nonassistance cases, this item reflects only the assistance/FC collections that result in recoupment of costs.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code section 11477.
- The child support payment data are based on the counties' monthly CS 800 Reports, Summary Report of Child and Spousal Support Payments, beginning with Fiscal Year (FY) 1989-90 through December 1999.

METHODOLOGY:

- Actual assistance/FC distributed collections and the disregards are reported monthly on the CS 800 Report, Summary Report of Child and Spousal Support Payments. The disregard is estimated separately (see the "\$50 State Disregard Payment to Families" Premise.)
- Actuals from the CS 800 Reports were used to construct a 36-month trend from January 1997 through December 1999.

FUNDING:

Collections made on behalf of nonassistance families are forwarded directly to custodial parents. Collections for assistance families, less the \$50 disregard payment to families, are retained and serve as abatements to the cost of cash grant payments. The assistance/FC collections are shared based on the Federal Medical Assistance Percentage and the nonfederal sharing ratios. These percentages are reflected below:

ASSISTANCE:

| | July 1999 –Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|-----------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 46.03% | 45.91% | 46.31% |
| County | 2.42% | 2.42% | 2.44% |

ASSISTANCE Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 95.00% |
| County | 5.00% |

Child Support Program – Basic Collections

FUNDING (continued):

FC:

| | July 1999 – Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|------------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 19.38% | 19.33% | 19.50% |
| County | 29.07% | 29.00% | 29.25% |

FC Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 40.00% |
| County | 60.00% |

CHANGE FROM PRIOR SUBVENTION:

The FY 2000-01 estimate was updated for the most recent actual assistance/FC distributed collections data from the CS 800 Reports.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2000-01 increase is due to an anticipated growth in collections.

EXPENDITURES:

(in 000's)

| | CDSS ¹ | DCSS |
|----------------|-------------------|------------|
| | 1999-00 | 2000-01 |
| | Grant | Grant |
| Total | -\$583,530 | -\$588,583 |
| Federal | -274,481 | -292,929 |
| State | -281,876 | -266,382 |
| County | -27,173 | -29,272 |
| Reimbursements | 0 | 0 |

¹ - For the purpose of the CDSS' budget structure these numbers include collections associated with the \$50 State Disregard Payments to Families (\$31,905), the Foster Parent Training Funds (\$3,153), and the Pass-On Payments to Families (\$3,112).

\$50 State Disregard Payment to Families

DESCRIPTION:

This premise reflects the funds for the \$50 state disregard payments to families.

In addition to the regular aid grant, custodial parents also receive the first \$50 of the current month's child support payment collected from the absent parent. Forwarding the disregard portion of the collection to the family instead of retaining it to abate the government's cost of the aid grant results in cost increases (lost collection revenues).

Under the provision of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the federal government discontinued federal financial participation in the disregard payment to the family as of October 1, 1996. Therefore, this premise reflects the cost for the State to fund the entire \$50 disregard payment to the custodial parent.

IMPLEMENTATION DATE:

This premise was implemented in Fiscal Year (FY) 1984-85.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17504.
- The child support payment data are based on the counties' monthly CS 800 Reports, Summary Report of Child and Spousal Support Payments, beginning with FY 1989-90 through December 1999.

METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 800 Report, Summary Report of Child and Spousal Support Payments. The disregard is paid when the child support collection is distributed.
- The forecast was generated utilizing the latest available 24 months of data from the CS 800 Reports, from January 1998 through December 1999.

FUNDING:

- The costs associated with the \$50 disregard are 100 percent State General Fund. The cost is counted toward the State's maintenance of effort requirement (MOE).
- For FY 1999-00, the cost is reflected in California Department of Social Services' (CDSS) budget as a cost to child support collections and is also shown as additional Temporary Assistance for Needy Families/MOE expenditures.
- For FY 2000-01, the cost is reflected only in the CDSS' budget as a MOE eligible expenditure. Costs are not shown in the California Department of Child Support Services' (DCSS) budget because the \$50 disregard was adjusted from the collections.

\$50 State Disregard Payment to Families

CHANGE FROM PRIOR SUBVENTION:

The estimate was updated for the most recent actual disregard payments from the CS 800 Report, Summary Report of Child and Spousal Support Payments.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2000-01 decrease is due to a projected decrease in the number of actual payments.

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|-------------|-------------|
| | 1999-00 | 2000-01 |
| | Grant | Grant |
| Total | \$31,905 | \$27,604 |
| Federal | 0 | 0 |
| State | 31,905 | 27,604 |
| County | 0 | 0 |
| Reimbursements | 0 | 0 |

Franchise Tax Board Collections Program

DESCRIPTION:

This premise reflects the increased collections obtained by the Franchise Tax Board (FTB) resulting from the collections from cases that are delinquent in child support payments by 90 days. The FTB sends demand for payment notices and processes bank and wage levies on accounts for child support collections based on county referrals.

Pursuant to Assembly Bill (AB) 3589 (Chapter 1223, Statutes of 1992), district attorney offices in the counties of Ventura, Los Angeles, Santa Clara, Solano, Nevada, and Fresno volunteered to work with the FTB to design, test and implement a pilot child support collections program. As of December 1993, these pilot counties became fully operational with this program. AB 923 (Chapter 906, Statutes of 1994) authorized expansion of the FTB Collections Program statewide by December 31, 1996.

AB 1395 (Chapter 614, Statutes of 1997) mandated the district attorney offices to refer all child support cases that are delinquent by 90 days to the FTB for collection effective January 1, 1998.

AB 702 (Chapter 697, Statutes of 1997) required a data match system between the FTB and financial institutions doing business in the State. Its purpose is to discover otherwise unknown assets of delinquent child support obligors. The system has been mandated by federal mandate, Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

This premise reflects only the estimated assistance/Foster Care (FC) Program collections associated with the FTB Collections Program. FTB support costs are funded through the Department's state operations at 66 percent federal financial participation and 34 percent State General Fund and are passed on to FTB through an interagency agreement.

IMPLEMENTATION DATE:

- March 1, 1993 – Volunteer case referrals
- January 1, 1998 – 90-day delinquent cases
- July 1, 1998 – Financial Institution Data Match (FIDM) system

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code section 17501; Revenue and Taxation Code sections 19271.5(a) and 19271.6.
- The estimated collections were provided by FTB based on historical data.
- The distribution ratio of 99.0 percent and the assistance/FC ratio of 58.49 percent are based on FTB's historical data from the period of December 1993 to June 1999.

Non-FIDM Collections

- Collections are based on demands, bank levies, wage levies, miscellaneous levies, out-of-state referral notices, and out-of state contract collections.

FIDM Collections

- Collections are based on data provided by FTB as a result of initial banks and other financial institutions' participation.

Franchise Tax Board Collections Program

METHODOLOGY:

Non-FIDM Collections

- The estimated collections from demands are \$3,886,000 for Fiscal Year (FY) 1999-00, and \$2,849,000 for FY 2000-01.
- The estimated collections from bank levies are \$6,964,000 for FY 1999-00, and \$6,348,000 for FY 2000-01.
- The estimated collections from wage levies are \$54,688,000 for FY 1999-00, and \$51,337,000 for FY 2000-01.
- The estimated collections from miscellaneous levies are \$134,000 for FY 1999-00, and \$181,000 for FY 2000-01.
- The estimated collections from out-of-state referral notices are \$297,000 for FY 1999-00, and \$227,000 for FY 2000-01.
- The estimated collections from out-of-state contract collections are \$1,934,000 for FY 1999-00, and \$2,295,000 for FY 2000-01.
- The sum total of all the actions for non-FIDM collections is \$67,900,000 for FY 1999-00, and \$63,200,000 for FY 2000-01.

FIDM Collections

- The estimated collections for FIDM are \$11,800,000 for FY 1999-00, and \$13,500,000 for FY 2000-01, based on data provided by FTB as a result of initial banks and other financial institutions' participation.

Net Collections

- For FY 1999-00, the combined total of non-FIDM collections (\$67,900,000) and FIDM (\$11,800,000) is \$79,700,000. This total was multiplied by the distribution ratio of 99.0 percent to determine the distributed collections (\$78,905,000). This amount was multiplied by the assistance/FC ratio of 58.49 percent resulting in an assistance/FC collection amount of \$46,151,000.
- For FY 2000-01, the combined total of non-FIDM collections (\$63,200,000) and FIDM (\$13,500,000) is \$76,700,000. This total was multiplied by the distribution ratio of 99.0 percent to determine the distributed collections (\$75,935,000). This amount was multiplied by the assistance/FC ratio of 58.49 percent resulting in an assistance/FC collection amount of \$44,414,000.

Franchise Tax Board Collections Program

FUNDING:

The assistance/FC collections are shared based on the Federal Medical Assistance Percentage. These percentages are reflected below:

ASSISTANCE:

| | July 1999 – Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|------------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 46.03% | 45.91% | 46.31% |
| County | 2.42% | 2.42% | 2.44% |

ASSISTANCE Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 95.00% |
| County | 5.00% |

FC:

| | July 1999 – Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|------------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 19.38% | 19.33% | 19.50% |
| County | 29.07% | 29.00% | 29.25% |

FC Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 40.00% |
| County | 60.00% |

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The change in FY 2000-01 is due to a decrease in the collections per payment.

Franchise Tax Board Collections Program

EXPENDITURES:

(in 000's)

| | CDSS | DCSS |
|----------------|-----------|-----------|
| | 1999-00 | 2000-01 |
| | Grant | Grant |
| Total | -\$46,152 | -\$44,414 |
| Federal | -23,096 | -22,104 |
| State | -20,769 | -20,101 |
| County | -2,287 | -2,209 |
| Reimbursements | 0 | 0 |

Pass-On Payments to Families

DESCRIPTION:

This premise reflects the cost of continuing the pass-on payments to families receiving assistance and nonfederally eligible foster care (FC). Pass-on payments are paid to an aided family when the monthly child support collected exceeds the aided family's grant for that same month. The amount in excess of the grant is passed on to the aided family. This premise also reflects the savings to the federal and county governments for the elimination of their participation of pass-on payments.

Public Law (P.L.) 104-193 of 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), eliminated federal participation in pass-on payments in all aid categories except federal FC effective October 1, 1996. Effective October 1, 1998, with the implementation of the PRWORA collection and distribution changes, the Department is continuing pass-on payments with 100 percent State General Fund in assistance and nonfederally eligible FC cases through March 31, 2000.

IMPLEMENTATION DATE:

This premise was implemented on October 1, 1998.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: P.L. 104-193 of 1996.
- This premise was held at the November 1999 Subvention estimate.
- The monthly pass-on payments from September 1996 through June 1999 are based on the CS 800 Report, Summary Reports of Child and Spousal Support Payments.
- The year-to-year growth rate of 12.73 percent is based on Fiscal Year (FY) 1998-99 expenditures over FY 1997-98 expenditures for pass-on payments.

METHODOLOGY:

- This premise was held at the November 1999 Subvention estimate.
- The FY 1999-00 estimated savings were based on FY 1998-99 pass-on payments of \$13,174,000 for assistance cases. This number was multiplied by the year-to-year growth rate of 12.73 percent to obtain an estimated FY 1999-00 pass-on payment amount of \$14,851,000. This number was then reduced by 25 percent, or one quarter cost (\$3,713,000), for an adjusted amount of \$11,138,000 because the funding ends March 31, 2000.
- The Federal Medical Assistance Percentage (FMAP) was applied to the adjusted estimated amount (\$11,138,000) to identify the savings reimbursed to the federal (-\$7,666,000) and county (-\$360,000) governments.

Pass-On Payments to Families

FUNDING:

The assistance collections are shared based on the FMAP. These percentages are reflected below. The cost for this premise is reflected in California Department of Social Services' (CDSS) budget. Because of the budget structure for California Department of Child Support Services (DCSS), the cost is rolled into the "Child Support Basic Collections" Premise.

ASSISTANCE:

| | July 1999 – Sept. 1999 | Oct. 1999 – June 2000 |
|---------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% |
| State | 46.03% | 45.91% |
| County | 2.42% | 2.42% |

ASSISTANCE Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 95.00% |
| County | 5.00% |

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The activity for this premise ended March 31, 2000.

EXPENDITURES:

(in 000's)

| | CDSS 1999-00 Grant | DCSS 2000-01 Grant |
|----------------|--------------------------|--------------------------|
| Total | \$3,112 | \$0 |
| Federal | -7,666 | 0 |
| State | 11,138 | 0 |
| County | -360 | 0 |
| Reimbursements | 0 | 0 |

Franchise Tax Board Automated Disclosure of California Parent Locator Service

DESCRIPTION:

This premise reflects the estimated child support collections as a result of the expansion of locate and intercept services provided to the local child support agencies by the Franchise Tax Board (FTB) via the California Parent Locator Service (CPLS).

Assembly Bill (AB) 573 (Chapter 599, Statutes of 1997) and AB 1395 (Chapter 614, Statutes of 1997) expanded the Revenue and Taxation Code and the Welfare and Institutions Code (W&IC) to allow the local agencies to refer cases to FTB in which the noncustodial parents' (NCPs) social security numbers are unknown. AB 1395 further authorizes FTB to use any services or information available to FTB for tax enforcement purposes in locating NCPs. The use of additional asset and income information is also allowed.

IMPLEMENTATION DATE:

This premise was implemented on October 1, 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code sections 17505(d) and 17506(a); Revenue and Taxation Code sections 19271 and 19274.
- The social security number match request of 180,000 is based on information provided by the CPLS.
- The increased match rate of 15 percent resulting from an improvement of 40 percent to 55 percent is based on FTB's 1998-99 feasibility study report.
- The established order rate of 29 percent is based on assumptions from the Statewide Utility Match System experience.
- Based on the CS 800, Child/Family and Spousal Support Payments--Assistance Related Distribution/Disbursement Summary Report, July 1998 through June 1999, 38.4 percent are assistance cases.
- A three-month lag time is assumed between the time a NCP is located and the court order resulting in collections.
- The average monthly assistance support collected of \$227 is based on the June 1997 Child Support Enforcement Program Characteristic Survey, Table 13 - Total Amount of CS Collected in Month, Average Amounts of Child Support Collected-Per Case.
- The frequency of child support payments was based on the June 1997 Child Support Enforcement Program Characteristic Survey, Table 14 - Payment Pattern-Per Case. It is assumed that 17.4 percent will pay every month (100 percent), 19.0 percent will pay 7 to 12 times per year (75 percent on average), and 8.7 percent will pay 0 to 6 times per year (25 percent on average). The balance, 54.9 percent, constitutes cases that do not pay.

Franchise Tax Board Automated Disclosure of California Parent Locator Service

METHODOLOGY:

- To calculate Fiscal Year (FY) 1999-00 and FY 2000-01 grant savings, the estimated number of social security number match requests (180,000) was multiplied by the match rate of 15 percent to determine the number of successful matches (27,000).
- The resulting number was multiplied by the established support order rate of 29 percent to determine the number of matches with orders (7,830).
- The result was multiplied by 38.4 percent to determine the number of assistance cases (3,328). The result was then divided by 12 to get the average monthly number of assistance cases (277).
- This figure was then multiplied by 21 for FY 1999-00 to calculate the cumulative number of casemonths (5,824) and multiplied by 78 for FY 2000-01 to calculate the cumulative number of casemonths (19,544).
- The total number of casemonths was then multiplied by the average monthly assistance child support collections of \$227. This projected amount of \$1,194,000 for FY 1999-00 and \$4,436,000 for FY 2000-01 was adjusted by applying the payment patterns for the frequency of child support payments.
- The result is a total amount of \$369,000 for FY 1999-00 and \$1,369,000 for FY 2000-01.

FUNDING:

The assistance/foster care (FC) collections are shared based on the Federal Medical Assistance Percentage. These ratios are reflected below:

ASSISTANCE:

| | July 1999 – Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|------------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 46.03% | 45.91% | 46.31% |
| County | 2.42% | 2.42% | 2.44% |

ASSISTANCE Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 95.00% |
| County | 5.00% |

Franchise Tax Board Automated Disclosure of California Parent Locator Service

FUNDING (continued):

FC:

| | July 1999 – Sept. 1999 | Oct. 1999 – Sept. 2000 | Oct. 2000 – June 2001 |
|---------|------------------------|------------------------|-----------------------|
| Federal | 51.55% | 51.67% | 51.25% |
| State | 19.38% | 19.33% | 19.50% |
| County | 29.07% | 29.00% | 29.25% |

FC Nonfederal:

| | |
|---------|--------|
| Federal | 0.00% |
| State | 40.00% |
| County | 60.00% |

CHANGE FROM PRIOR SUBVENTION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The FY 2000-01 estimate reflects a full year of projected collections.

EXPENDITURES:

(in 000's)

| | CDSS 1999-00 Grant | DCSS 2000-01 Grant |
|----------------|--------------------------|--------------------------|
| Total | -\$369 | -\$1,369 |
| Federal | -185 | -682 |
| State | -166 | -619 |
| County | -18 | -68 |
| Reimbursements | 0 | 0 |